



News Flash – As stated in the Centers for Medicare & Medicaid Services (CMS) provider listserv messages that were sent last fall concerning Change Requests (CRs) 6417 and 6421, CMS has made available a file that contains the National Provider Identifier (NPI) and the name (last name, first name) of all physicians and non-physician practitioners who are of a type/specialty that is eligible to order and refer in the Medicare program and who have current enrollment records in Medicare (i.e., they have enrollment records in Medicare's systems that contain an NPI). This file is downloadable by going to the Medicare provider/supplier enrollment website at <http://www.cms.gov/MedicareProviderSupEnroll> and clicking on "Ordering/Referring Report" on the left-hand side.

MLN Matters® Number: MM6870

Related Change Request (CR) #: 6870

Related CR Release Date: March 19, 2010

Effective Date: July 1, 2010

Related CR Transmittal #: R659OTN

Implementation Date: July 6, 2010

Reporting of Recoupment for Overpayment on the Remittance Advice (RA)

Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare contractors (carriers, Fiscal Intermediaries (FIs), and/or A/B Medicare Administrative Contractors (A/B MACs)) for services provided to Medicare beneficiaries. (CR6870 does not apply to suppliers billing Durable Medical Equipment (DME) MACs.)

Provider Action Needed

This article is based on Change Request (CR) 6870 which instructs Medicare System Maintainers how to report recoupment when there is a time difference between the creation and the collection of the recoupment.

Background

In the Tax Relief and Health Care Act of 2006, Congress required a permanent and national Recovery Audit Contractor (RAC) program to be in place by January 1, 2010. The goal of the RAC Program is to identify improper payments made on claims of health care services provided to Medicare beneficiaries. The RACs

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review claims on a post-payment basis, and they can go back three years from the date the claim was paid. To minimize provider burden, the maximum look back date is October 1, 2007.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA; Section 935) amended the Social Security Act (Title XVIII) and added to Section 1893 (The Medicare Integrity Program) a new paragraph (f) addressing this process. You can review Section 1893

http://www.ssa.gov/OP_Home/ssact/title18/1893.htm on the Internet. The statute requires Medicare to change how certain overpayments are recouped. These new changes to recoupment and interest are tied to the Medicare fee-for-service claims appeal process and structure.

Recoupment (under the provisions of Section 935 of the MMA) can begin no earlier than the 41st day from the date of the first demand letter, and can happen only when a valid request for a redetermination has not been received within that period of time. (See the MLN Matters® article related to CR 6183 at <http://www.cms.gov/MLN MattersArticles/downloads/MM6183.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.)

Under the scenario just described, the RAC has to report the actual recoupment in two steps:

- **Step I:** Reversal and Correction to report the new payment and negate the original payment (actual recoupment of money does not happen here);
- **Step II:** Report the actual recoupment.

Recovered amounts reduce the total payment and are clearly reported in the Remittance Advice (RA) to providers. CMS has learned that it is not providing enough detail currently in the RA to enable providers to track and update their records to reconcile Medicare payments. The Front Matter 1.10.2.17 – Claim Overpayment Recovery – in ASC X12N/005010X221 provides a step by step process regarding how to report in the RA when funds are not recouped immediately, and a manual reporting (demand letter) is also done.

CR 6870 instructs the Medicare System Maintainers (Fiscal Intermediary Standard System – FISS and Multi Carrier System – MCS) how to report on the RA when:

- An overpayment is identified, and
- Medicare actually recoups the overpayment.

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The refund request is sent to the debtor in the form of an overpayment demand letter, and the demand letter includes an Internal Control Number (ICN) or Document Control Number (DCN) for tracking purposes that is also reported on the RA to link back to the demand letter. The recoupment will be reported on the RA in the following manner:

Step I:

Claim Level:

The original payment is taken back and the new payment is established

Provider Level:

PLB03-1 – PLB reason code FB (Forward Balance)

PLB 03-2 shows the detail:

Part A: PLB-03-2

1-2: CS

3-19: Adjustment DCN#

20:30: HIC#

Part B: PLB-03-2

1-2: 00

3-19: Adjustment ICN#

20-30: HIC#

PLB04 shows the adjustment amount to offset the net adjustment amount shown at the claim level. If the claim level net adjustment amount is positive, the PLB amount would be negative and vice versa.

Step II:

Claim Level:

No additional information at this step

Provider Level:

PLB03-1 – PLB reason code WO (Overpayment Recovery)

PLB 03-2 shows the detail:

Part A: PLB-03-2

1-2: CS

3-19: Adjustment DCN#

20:30: HIC#

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Part B: PLB-03-2

1-2: 00

3-19: Adjustment ICN#

20-30: HIC#

PLB04 shows the actual amount being recouped.

CMS has decided to follow the same reporting protocol for all other recoupments in addition to the 935 RAC recoupment mentioned above.

Additional Information

CMS provides more information including an overview of and recent updates for the RAC program at <http://www.cms.gov/RAC/> on the CMS website. You can find the *Remittance Advice Guide for Medicare Providers, Physicians, Suppliers, and Billers* at http://www.cms.gov/MLNProducts/downloads/RA_Guide_Full_03-22-06.pdf on the CMS website.

The official instruction, CR6870, issued to your carrier, FI, and A/B MAC regarding this change may be viewed at <http://www.cms.gov/Transmittals/downloads/R659OTN.pdf> on the CMS website.

If you have any questions, please contact your carrier, FI, or A/B MAC at their toll-free number, which may be found at <http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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